# THE INFLUENCE OF ACCOUNTING INFORMATION AND LEADERSHIP OF YOUNG MSMEs ON BUSINESS SUCCESS

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| ARTICLE INFO | ABSTRACT |
|---|---|
| | *This study examines whether accounting information variables and leadership variables can affect the success rate of a business. Then the data obtained were analyzed using multiple regression analysis, data normality test, heterochedasticity test, partial test (t-test), simultaneous test (F-test), test and determination test. The results of the study stated that the variables of accounting and leadership information had a significant effect on the business success rate of young MSMEs in Kota Pari Pantai Cermin. The results showed that accounting and leadership information simultaneously had a significant effect on business success with a calculated F value of 1026,250 > a table F value of 3.24. Partial tests also showed that accounting and leadership information respectively had a positive and significant effect on the success of the business, where the value of t count the calculated variable of the accounting information is 2.623 and the t count of the leadership variable is 45.304 where each is greater than the value of t of the table of 2.02. The Adjusted R Square value obtained from the test results of the Coefficient of Determinants (R2) on business success of 0.981 explained that 98.1% of business success can be explained by accounting and leadership information as independent variables. While the remaining 1.9% was explained by other variables that were not studied in this study.* |

## INTRODUCTION

The growing business world requires micro, small and medium enterprises to actively contribute to the economy. Small micro-enterprises managed by young entrepreneurs are still very limited in understanding accounting, this is evidenced by the limited application of accounting in business activities. The limited application of accounting is triggered by the lack of ability of young MSME actors in understanding the field of accounting (Benjamin, 1990) and small business accounting practices that have not been running well. Micro, Small and Medium Enterprises are faced with weak knowledge in the accounting recording process, therefore the feasibility of MSME businesses from the financial aspect is still very limited (Bank Indonesia, 2005).

Accounting information has a very important influence on the achievement of business success, including small businesses (Utomo, 2010: 45). But on the other, Pinasti (2007; 322) reveals that "small entrepreneurs in Indonesia do not organize and use accounting information in the management of their business". This indicates that Micro, Small and Medium Enterprises (MSMEs) are synonymous with a lack of awareness to run books well in the business world. With a lack of knowledge in bookkeeping, it automatically hinders them from carrying out financial bookkeeping activities. This is supported by Ermaliana's research (2013:71) which reveals that "financial records do not need to be made because SMEs find it difficult and feel unimportant because they do not affect the success of the business".

The industrial and trade potential that is widely found in Kota Pari Pantai Cermin is small industries and household crafts as well as creative industries that are widely developed and are expected to be able to support the tourism industry as well as the economy of the people of Kota pari pantai Cermin. There are several MSME centers developed by the household industry in Kota Pari. From the number of MSMEs in Kota pari Pantai Cermin it has not been supported by adequate development in terms of quality, so that the performance of MSMEs is still lagging behind. Other aspects that cause lagging MSME performance are the lack of MSME capabilities in the field of accounting, mastery of technology, financial management and low entrepreneurial competence of MSME actors.

From the data and description above, this research is very important to be carried out, especially in the group of young MSMEs located in Kota Pari area. The group of young MSMEs was chosen because it has a large contribution to the growth of MSMEs in Kota Pari, this is evidenced by the number of MSMEs of 63% of MSME entrepreneurs with S1 educational backgrounds with an age distribution of (1) < 25 years as many as 10 people, (2) 25 - 30 years as many as 15 people, (3) 30 - 35 years as many as 8 people and (4) 35 - 40 years as many as 7 people (BPS).

## LITERATURE REVIEW

Belkaoui (2000) defines accounting information as quantitative information about economic entities that is useful for economic decision-making in determining choices among alternative actions. The concept of relevance of the value of accounting information and the concept of decision usefulness of accounting information are interrelated. The concept of decision usefulness of accounting information emphasizes "how financial statements can be more useful?" According to Scot (2009), "one of the basic role of accounting in the company is a decision-making instrument. It should report the resulting financial company can be the basis for taking structured and systematic decision" The consequence of this concept is that the accounting information contained in financial statements must provide useful value to its users in terms of decision making (Scott, 2009).

Walther (2009:8-15), accounting information can be used to evaluate specific reporting situations such as correcting the level of upset, discontinued operations, accounting method changes, comprehensive income, summarizes the costs and asset knowing.

In accordance with Law No. 20 Article 1 of 2008 concerning Micro, Small and Medium Enterprises. Micro Enterprises are productive businesses owned by individuals and / or business entities that meet the criteria for Micro Enterprises as regulated in this Law. Small business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or are not branches of companies that are owned, controlled or become part either directly or indirectly of medium or large businesses that meet the criteria for Small Business as referred to in this law. Medium Enterprises are productive economic enterprises that stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or are part either directly or indirectly with Micro Enterprises or large businesses with the amount of net worth or annual sales proceeds as stipulated in this Law

Success in surviving in a crisis period does not necessarily make MSMEs able to develop properly. Many factors influenced the slow development of the business, including the attention from the government and the banking community which was felt to be lacking. Although efforts to increase attention to MSMEs have been carried out, there is still a lot of homework that has not been completed optimally. The homework includes efforts to foster, develop and also funding (capital) to the MSME sector. While capital is important, in realizing its commitments, the new government must also be centered on the national plan. The problem is that there is no clarity on industrial policies and how they will be adopted to better accelerate economic growth and job creation for the unemployed and overcome poverty.

A successful entrepreneur is a leader who leads his employees well. A leader is said to succeed if he believes in the continuous growth, increased efficiency and continuous success of the company. Entrepreneurs have different leadership styles, they develop their own leadership styles according to their personal character in advancing their company. The success of the leader is generally measured by the productivity and effectiveness of carrying out the tasks imposed on him. If productivity rises and all tasks are carried out effectively, then he is called a successful leader. Meanwhile, if his productivity decreases and his leadership is considered ineffective within a certain period of time, then he is called a failed leader. According to Widodo (2009:86)

According to Sopiah (2008) states the factors that influence the effectiveness of the leader include personality, past experiences and expectations of the leader, expectations and behaviors of superiors, characteristics, expectations and behaviors of subordinates, task requirements, culture, organizational

wisdom and expectations and behaviors of colleagues. In turn these factors also affect the leader. The process of influence is reciprocal between the leader and the members of the group, influencing each other to the point of influencing the effectiveness of the group as a whole. According to Badeni (2013) in carrying out leadership duties is influenced by several factors. The factors affecting leadership are Personal Ability Factors, Job Title Factor and Factors of Situation and Conditions. Kasmir (2006:172), argues that business success is characterized by an increase in the number of sales, an increase in the number of productions, an increase in profits or profits and an ever-growing business.

## METHOD

This research was conducted through an associative research approach. It is said to be associative research because it connects two or more variables (Ginting, 2008:57). The variables linked in this study are variables of accounting information (X1), leadership (X2), to business success (Y).

The type of data used in this study is primary data. In this study, primary data were obtained through the distribution of questionnaires and interviews with young MSME actors in Pangururan District, Samosir Regency. The population in this research is all young MSME actors in Pangururan District, which numbers 60. The sampling method in this study is the Stratified Random Sampling method. So that the sample in this study was 40.

    a. Validity and Reliability Test

This test is to find out the extent to which the instrument used is sufficient to measure what should be measured by asking for an expert opinion or assessment that is competent with the problem under study.

    b. Data Classical Assumption Test
      1. Normality Test
      2. Heteroskedasticity Test
    c. Hypotesys test
    d. Multiple Linear Regression Analysis Hypothesis
    e. Test Coefficient of Determination

## RESULTS AND DISCUSSION

**Results**

Data Validity and Reliability Test Here's a table that presents a test of the validity and reliability of variables of accounting, leadership and business success information.

**Table 1.** Test the Validity and Reliability of Accounting Information Indicators

| Accounting Information Indicators | Validity | Reliability |
|---|---|---|
| | Corrected Item-Total Correlation | Alpha Cronbach |
| Knowing the amount of production every day | 0,606 | |
| Knowing the amount of raw material purchases | 0,706 | |
| Knowing the amount of raw material used | 0,576 | |
| Knowing payroll/wages to employees | 0,386 | |
| Find out the number of sales per day | 0,732 | |
| Planning business activities | 0,839 | 0,9162 |
| Knowing the business process | 0,769 | |
| Controlling the business | 0,448 | |
| Knowing the financial position | 0,861 | |
| Knowing the increase or decrease in capital | 0,849 | |
| In accordance with regulatory standards of Banks and Cooperatives | 0,774 | |

Source: Data processed by SPSS

**Table 2.** Validity and Reliability Test of Leadership Indicators

| Leadership Indicators | Validity | Reliability |
|---|---|---|
| | Corrected Item-Total Correlation | Alpha Cronbach |
| Fair | 0,706 | |
| Suggesting | 0,503 | |
| Supporting goals | 0,543 | |
| Catalyst | 0,433 | 0,9112 |
| Creating a sense of security | 0,710 | |
| Be respectful | 0,822 | |
| Knowing the business process | 0,754 | |

Source: Data processed by SPSS

**Table 3.** Test the Validity and Reliability of Leadership Indicators

| Indicators of Business Success | Vailidity | Reliability |
|---|---|---|
| | Corrected Item-Total Correlation | Alpha Cronbach |
| My number of employees is increasing | 0,392 | |
| My order has increased | 0,400 | |
| My product promotion has increased | 0,764 | |
| The selling price of the product increases | 0,798 | |
| My turnover has increased | 0,819 | |
| My capital has increased | 0,785 | 0,8753 |
| My daily income increases | 0,814 | |
| My sales amount is increasing | 0,839 | |
| My production numbers are increasing | 0,642 | |
| My production tools (machines, etc.) are increasing | 0,577 | |

Source : Data processed by SPSS

The results of the test of the validity of accounting information, leadership and business success show that the value of Corrected Item-Total Correlation of each indicator is greater than 0.3, which means that the data is valid and can be further analyzed (Ghozali, 2005). The results of the reliability test based on the Alpha Cronbach value (α) showed that from each of the variables the use of accounting information, leadership and business success met the element of reliability with the value of Alpha Cronbach (α) greater than 0.60 (Ghozali, 2005). Thus, then all indicators of the variables can be used in the subsequent data processing.

a. Test Classical Assumptions
1. Normality Test

The normality test is to find out whether the data distribution follows or approaches the normal distribution. The normality test was carried out using the Kolmogorov Smirnov approach. By using a significance level of 5% then if the value of Asymp.sig. (2-tailed) above, a significant value of 5% means that the residual variable is normally distributed (Situmorang and Lufti, 2012:100).

**Table 4.** Approaches of Kolmogorov Smirnov
One-Sample Kolmogorov-Smirnov Test

|  |  | Unstandardized Residual |
|---|---|---|
| N |  | 40 |
| Normal Parametersa,b | Mean | .0000000 |
|  | Std. Deviation | .31454008 |
|  | Absolute | .121 |
| Most Extreme Differences | Positive | .121 |
|  | Negative | -.074 |
| Kolmogorov-Smirnov Z |  | .767 |
| Asymp. Sig. (2-tailed) |  | .598 |

Test distribution is Normal. Calculated from data.
Source: Data processed by SPSS

Based on the data above, that the significance value of 0.598 is greater than 0.05, so it can be concluded that the data tested are normally distributed.

2. Heterochedasticity Test
The Heteroskedasticity test aims to test whether in the regression model there is a similarity of variance from the residual of one observation to another.

Based on figure 4.1, it can be seen that there is no clear pattern and the points spread above and below the number 0 on the Y axis, so based on the graph method, there is no heteroskedasticity in the regression model, which is feasible to predict business success based on the input of accounting and leadership information variables.

b. Multiple Linear Regression Analysis
The multiple regression analysis method is used to find out how much influence free variables (accounting and leadership information) have on bound variables (business success).

Based on testing using SPSS, the results of the multiple linear regression equation can be seen in Table 4.9 below:

**Table 5.** Multiple Linear Regression Results

| Type |  | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
|  |  | B | Std. Error | Beta |  |  |
| 1 | (Constan t) | .522 | .628 |  | .832 | .411 |
|  | X1 | .059 | .023 | .057 | 2.623 | .013 |
|  | X2 | .416 | .009 | .993 | 45.304 | .000 |

Source: Data processed by SPSS

Based on Table 15 above, it is known that in the second column (unstandardized coefficients) part B obtained the value of b1 of the accounting information variable of 0.059 the value of b2 of the leadership variable of 0.416 and the value of the constant (a) is 0.522, then the multiple linear regression equation is obtained as follows:

**Y = 0.522+ 0.059X1 + 0.416X2 + ε**

From the equation can be described as follows:

This constant (α) = 0.522 indicates that if the variables of accounting and leadership information are considered constant then the variable rate of business success will be worth 0.522 Coefficient β1 (X1) = 0.059 indicates that if the accounting information increases by one unit then the value of business success increases by 0.059 units.

The coefficient β2 (X2) = 0.416 indicates that if leadership increases by one unit, the value of business success will increase by 0.416 units.

3. Test the Hypothesis
Simultaneous Significance Test (F Test)

This test was carried out to see together the influence or significant relationship of free variables in the form of accounting and leadership information on bound variables in the form of business success in MSMEs in Pari Pantai Cermin City.

**Table 6.** Simultaneous Significance F Test Results

ANOVAa

| | Type | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| | Regression | 214.042 | 2 | 107.021 | 1026.250 | .000b |
| 1 | Residual | 3.858 | 37 | .104 | | |
| | Total | 217.900 | 39 | | | |

Dependent Variable: Y Predictors: (Constant), X2, X1
Source: Data processed by SPSS

Table above reveals that the F-count value is 1026,250 with a significance level of 0.000. Whereas the F-table at a 95% confidence level (α = 0.05) is 3.24. Therefore, in both calculations, namely F- calculate the F-table > and its significance level (0.000) < 0.05 shows that the influence of free variables (accounting and leadership information) synchronously is significant on the success of the business.

Partial Significant Test (t-test)

The t-test was conducted to partially test whether the accounting and leadership information partially or respectively had a significant effect on the success of the business in Pari City, Mirror beach district.

**Table 7**. Partial Significance t Test Results

| | Type | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .522 | .628 | | .832 | .411 |
| | X1 | .059 | .023 | .057 | 2.623 | .013 |
| | X2 | .416 | .009 | .993 | 45.304 | .000 |

Source: Data processed by SPSS

From table above, it can be seen that the accounting information variable has a positive and significant effect on business success, this can be seen from the significant value (0.013) smaller than 0.05 and the t-count (2.623) is greater than the t-table (2.02). Based on the table above, it can also be seen that the leadership variable has a positive and significant effect on the success of the business, this can be seen from the significant value (0.000) smaller than 0.05 and the t-count (45.304) is greater than the t-table (2.02).

Coefficient of Determination Test (R2)

Determinant coefficient testing is used to measure how much free variables (accounting and leadership information) contribute to bound variables (effort success). The coefficient of determination ranges from zero to one ($0 \leq R2 \geq 1$).

**Table 8.** Coefficient of Determination Test Results

| Type | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|------|------|----------|-------------------|----------------------------|
| 1 | .991a | .982 | .981 | .32293 |

Source : Data processed by SPSS

Based on Table 4.12 above, it can be seen that:
1. An R value of 0.991 equal to 99.1% means that the relationship between the variables of accounting information and leadership to business success of 99.1% means that it has a close relationship.
2. Adjusted R Square value of 0.981 which means that 98.1% of business success can be explained by accounting and leadership information. While the remaining 1.9% can be explained by other factors that were not studied in this study.

**Discussion**
  a. The Effect of Accounting Information on Business Success

Judging from the results of the analysis of the test results $R2 = 0.981$. This shows that the use of accounting information has an influence on business success by 98.1%, while the remaining 1.9% is influenced by other variables.

From the results of the influence of the use of accounting information on the success of this business is in line with the research of Nenna (2012: 52), Utomo, (2010: 45) and Indriani (2010: 51) which states that the use of accounting information can improve decision making in running a business. Accounting information has a very important influence in achieving business success, including for small businesses, most small entrepreneurs in Indonesia do not have accounting knowledge and among them also do not understand the importance of financial records and bookkeeping for business continuity.

Accounting information can be used to measure and communicate MSME financial information that is needed by the management in formulating various decisions to solve the problems faced. In addition, information can also be used to find out the amount of raw material purchases, the amount of raw material used, the amount of production every day, the number of sales per day, the increase or decrease in capital, financial position and business efficiency. Accounting information plays a very important role for young MSME entrepreneurs in Pari City, Pantai Cermin District, to find out what activities have occurred in their companies and to evaluate whether the activities are in accordance with what is planned.

  b. The Influence of Leadership on Business Success

According to Hatani (2008:16), leadership is a process to encourage and help others to work enthusiastically in achieving goals. Successful leadership depends on behavior, skill, appropriate action, not on the personal self.

Based on the results of the t-partial test, it can be concluded that the leadership variable partially has a positive and significant effect on business success, this can be seen from the significant value (0.000) smaller than 0.05 and the t-count (45.304) is greater than the t-table (2.02).

Basically, an entrepreneur is a leader for himself and his company. Leadership is the desire to achieve a communication that has an impact and results in influencing the actions of others. Leadership is the activity of persuading people to work together in the achievement of a goal. (Suryana & Bayu, 2014:144).

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